

Non-Standard Work Arrangements and Configurations of Firm and Societal Systems

Eleni T. Stavrou*

Associate Professor of Management

Department of Public and Business Administration, University of Cyprus

P.O. Box 20537, CY-1678 Nicosia, Cyprus

Telephone: +357-22893613/fax: +357-22895026, Email: eleni1@ucy.ac.cy

Emma Parry, Reader in Human Resource Management

Deirdre Anderson, Senior Lecturer

Cranfield School of Management, Cranfield, Bedfordshire, MK430AL, United Kingdom

Telephone: +44 1234 751122/Fax: +44 1234 751806

emma.parry@cranfield.ac.uk, deirdre.anderson@cranfield.ac.uk

*Corresponding author

Acknowledgement: We would like to thank our colleagues from the different countries who allowed us to use their country data.

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Abstract

In this study, we proposed and empirically confirmed that the use of non-standard working arrangements (NSWAs) varies according to firm system and societal cluster. Utilizing the configurational, institutional and cultural perspectives, we explored antecedents to the use of four NSWAs across firms in six countries, expanding the scope of variables examined in relation to NSWAs and capturing context as a way of broadening the theory base on the subject. We found a tendency towards greater use of NSWAs among firm systems that foster internal socialization and career advancement over time as well as national contexts that promote employment protection and/or institutional collectivism. Finally, we found national context to be a significant determinant of firm system, reinforcing the importance of aligning national with organizational level antecedents to the study of NSWAs.

Keywords: working time arrangements, firm system, configurational approach, societal system, comparative HRM

Introduction

As firms have expanded internationally and increased their operations in progressively competitive environments, they have turned strategically to non-standard working arrangements (NSWAs) that vary in the time and place of work, to enhance their responsiveness to changes in both market and workforce demands (Ashford, George and Blatt, 2007; Perry-Smith and Blum, 2000). NSWAs differ from traditional office hours usually thought of as a seven to eight hour day, five days per week and instead refer to patterns of work including flexitime, part-time work, work from home, compressed working hours; teleworking and telecommuting, weekend work, overtime and shift work (Ashford et al, 2007; Stavrou, 2005).

NSWAs have the potential to contribute towards organizational competitiveness and employee work-life balance (Alis, Karsten and Leopold, 2006; Conway, 2001). Even though classification of NSWAs is far from being absolute (see Barnett and Hall, 2001; Purcell, Hogarth & Simm, 1999; Raabe, 1996; Sheibl and Dex, 1998), two main categorizations have emerged throughout the years: arrangements that involve mainly employer-focused and those that involve mainly employee-focused NSWAs (Alis, Karsten and Leopold, 2006; Stavrou & Kilaniotis, 2009). The former classification denotes flexibility enforced to serve mainly organizational needs, such as increased operational efficiency and work time (Albion, 2004; Stavrou, 2005); nevertheless, it can also become employee-focused when employees prefer it (Brewster et al, 1997; Conway, 2001). The latter classification indicates flexibility offered by organizations with an emphasis on meeting employees' multiple needs (Albion, 2004) but it may also be beneficial to the organization through, for example, the maintenance of a stable workforce (Branine, 2003; Hornung et al., 2008). Rapoport, Bailyn, Fletcher and Pruitt (2002) discuss the dual agenda of the business case for flexibility *and* the work-life of

employees. According to Beauregard and Henry (2009: 9), organizations are increasingly pressured to implement work practices intended to facilitate employees' efforts to fulfil both their employment-related and their personal responsibilities.

The majority of research has tended to focus on the effects of NSWAs on financial performance, productivity, product and process innovations (see Beauregard and Henry, 2009; Stavrou, 2005) and turnover (see Stavrou and Kilanotis, 2010). Many studies have also focused on the degree of personal discretion and autonomy for employees that often accompany certain NSWAs and their effects on work-life balance and stress (Barker, 1995; Kelliher & Anderson, 2008; Raghuram & Wiesenfeld, 2004). Yet, other studies have found links with work, organization and life satisfaction (Peters, den Dulk and van der Lippe, 2009), although unintended consequences, such as work intensification, may result from the introduction of NSWAs (see Kelliher and Anderson, 2010).

Although many of these studies report positive effects for both the employee and the organization (Stavrou, 2005; van der Meer, Ringdal, Boselie, Brewster and Paauwe, 2009), other studies have challenged the notion that NSWAs are necessarily more attractive to employees and employers than standard work arrangements (Rau and Hyland, 2002). Research on these relationships has produced mixed results (Edgar & Geare, 2005; Perry-Smith & Blum, 2000). In a systematic review of the evidence for a business case for using flexible working to improve performance, DeMenezes and Kelliher (2012) ascribed these mixed findings to a number of factors: first, the variety of conceptualizations of NSWAs; second, differences in the measurement of NSWAs; third, the failure to consistently consider both formal and informal NSWAs; and finally, the length of time working flexibly or the availability of the policy.

In this paper, we move beyond these methodological issues to propose that further research of how the use of NSWAs varies by both organizational and national context could help us understand at least in part these inconsistent findings in extant research (de Menezes and Kelliher, 2012; Tregaskis and Brewster, 2006). The aforementioned studies, with their similarities and contradictions, have been conducted within a multitude of settings that may affect the utilization rates of NSWAs (Albion, 2004; Aycan, 2005; Brewster et al., 2005). Indeed, a number of authors have pointed out that NSWAs vary in use among organizational contexts across the world (Bardoel, 2003; den Dulk, Peters and Poutsma, 2012; Kalleberg, 2001; Lewis and den Dulk, 2008; Ollier-Malaterre, Valcour, den Dulk and Kossek, 2013). However, research has not explicitly investigated the impact of the context in which NSWAs occur as an antecedent to their use (de Menezes and Kelliher, 2012). Specifically, most studies of antecedents to NSWAs use have focused at the employee level (see Lambert, Marler and Gueutal, 2008), in single country contexts (see Idiagbon-Oke and Oke, 2011 for example) and within specific industries (Henly and Lambert, 2010). Studies and reports that have examined NSWAs across multiple country settings are few and, while useful, do not yet cover the issues addressed in this manuscript (i.e. Bardoel, 2003; den Dulk et al., 2012; Eurofound, 2010; Kassinis and Stavrou, 2013; Ollier-Malaterre, 2009).

We build on these studies by examining drivers of NSWAs use at the organisational and country level. First, we use Delery and Doty's (1996) configurational approach to human resource management (HRM) to propose that firm system – the market-type and the internal - is an organizational level antecedent to NSWAs utilization. Second, we extend the configurational approach to the national level by examining the role of societal system as a higher level antecedent to both NSWAs use and firm system. For this, we use two separate but interrelated theoretical approaches, namely the institutional and the

cultural. In our view, societal system configurations involve correlated patterns of shared meaning which result from both relevant national level institutional environments (Kostova and Roth, 2002; Whitley, 1999) and cultural values (House, Javidan, Hanges and Dorfman, 2002). From the institutional perspective we utilize Legal Theory and from the cultural perspective we utilize the Global Leadership and Organizational Behavior Effectiveness (GLOBE) approach. We examine six countries, Australia, Denmark, Finland, Sweden, the UK, and the USA which on the basis of Legal Theory (Botero, Djankov, La Porta, Lopez-de-Silanes and Shleifer, 2004) and GLOBE (House, et al., 2002) are grouped into two societal systems, the Anglo and the Nordic.

We argue that organizations should not seek consistency across contexts in their use of NSWAs, but greater horizontal and vertical fit with their organizational and national environment respectively. To our knowledge this is the first study to apply the configurational approach to the examination of NSWAs and to explore firm and societal system together as antecedents to NSWAs use. It is also among few studies to focus on antecedents of NSWAs rather than their effects.

Firm System as Antecedent to NSWAs: Horizontal Fit

Delery and Doty (1996) highlighted two configurations of employment system, namely internal and market firm system, on the basis of seven categories of HRM practices: hiring, training, performance measurement, incentive schemes, employment security, employee voice, and job descriptions. Even though Delery and Doty's (1996) use of deviation scores to extract the two configurations has been criticised and suggestions have been made to improve this methodology, this is still considered among the most accepted methods (Fiss, 2007; Martin-Alcazar, Romero-Fernandez and Sanchez-Gardey, 2005). Nevertheless, it remains true that these management patterns are ideal types (Delery and Doty, 1996), and that the extraction of "paradigmatic configurations from the

elements that build the human resource system entails a simplification of reality”

(Martin-Alcazar, Romero-Fernandez and Sanchez-Gardey, 2005:643).

According to Chow, Huang and Liu, (2008), configurations are an ingrained part of firm structures and collectively cover the majority of organizations under consideration. Therefore, these employment systems reflect the predominant employment culture of an organization. Essentially, the employment mode in internal firm systems is relational and process oriented through formal and informal socialization processes over time, while the employment mode in market firm systems is short-term, contractual and results oriented. Acknowledging possible variations across firm practices and systems, and in order to relax the assumption behind this approach that firms have a unitary approach covering all employees, the two firm systems are examined as a continuum between opposing sets of these practices.

In internal firm systems, management is more likely to hire internally, engage in formal training and extensive socialization, offer minimal incentive schemes, guarantee employment, encourage employee voice and have tightly defined jobs. In market oriented systems, management is more likely to hire externally, minimize formal training, offer incentive schemes extensively, not guarantee employment nor encourage employee voice, and have loose job definitions. We postulate that the use of NSWAs will vary according to organizations’ HRM firm system configuration.

Given their internal focus as described above, management in more internal firm systems will seek to address the dual agenda of meeting firm requirements and facilitating employee life management needs. Kalleberg (2001) suggests that firms focusing on establishing long-term relations with employees are less likely to externalise work and more likely to offer extensive training. Further, where employee commitment is important, emphasis is often given to job security and voice (Delery and Doty, 1996). We

therefore suggest that internally focused firms are better aligned horizontally with the use of NSWAs that are seen as satisfying employee as well as employer needs.

NSWAs quoted in the literature as most likely to be seen as satisfying both employer and employee needs and to be associated with better employee life management (Perry-Smith and Blum, 2000; Kelliher and Anderson, 2008) are options for remote working such as telework and for flexibility at the office such as flexitime. Such options are cited to provide employees with choices over where and when they do their jobs, thus increasing the perception of individual control (Hall and Atkinson, 2006). Similarly, they can have positive outcomes for organizations through office closure for instance (saving on building costs). According to Westman (2010) and Baltes et al. (1999), these positive outcomes provide stability within the organization, enhanced by a committed workforce; a key benefit of offering flexible working is seen as the retention of valued employees (Bailyn et al, 2001) which is crucial in internally oriented organizations that hire mainly from within (Delery and Doty, 1996). Thus, we propose that telework and flexitime are more common among organizations with internal firm systems that want to maintain a stable workforce.

Nevertheless, we need to keep in mind that telework may not be always entirely beneficial to employees as its usage may result in individual difficulties in managing the boundaries between the work and non-work domains (Ashford et al., 2007; Kelliher & Anderson, 2009; Ransome, 2008). Equally, tensions can arise if employees do not welcome such change in their working arrangements (Harris, 2003). Similarly, Kossek, Barber and Winters (1993) found that employees were less likely to accept the use of NSWAs if they felt that the company was introducing them only for external reasons rather than a genuine desire to also benefit employees. This behavior by management would be closer to a market firm orientation.

Given their market orientation, management in market firm systems may be primarily interested in increasing service and work hours than meeting employee needs, thus promoting NSWAs primarily for this reason (Bailyn, Rayman, Bengsten, Carre and Tierney, 2001). They do not focus on developing their internal workforce or creating long-term commitment among employees (Delery and Doty, 1996). Furthermore, such firm systems emphasize efficiency and performance (Ashford et al., 2007), thus are more likely to promote results-oriented rather than developmental appraisals.

Arrangements that facilitate firms to adjust activity to seasonal effects on demand and fluctuations in the economy or in the business cycle often involve overtime or fixed term contracts (Ashford et al., 2007). Pressured by rapid technological advancements, the complexity or seasonality of certain jobs, and the need to reduce staffing costs, employers seek temporary personnel who are easily recyclable (Brewster et al., 1997). Many of these arrangements have initially surfaced due to increased rates of unemployment or competitive forces making the work environment volatile and unstable (Brewster et al., 1997). Thus, we propose that employees in the market firm system are more likely to use overtime and fixed term contracts as market oriented organizations strive to facilitate, rather than control, organizational operations in order to coordinate resources. These arguments lead to our first hypothesis:

Hypothesis 1. Telework and flexitime are positively related to more internal firm systems while overtime and fixed term contracts are positively related to more market firm systems.

Societal Systems as Antecedents to NSWAs: Vertical Fit

In line with Meyer et al.'s (1993) suggestion for the use of configurational thinking at levels of analysis other than organizational, we propose the use of the configurational approach at the societal level. The configurational approach is intended to promote a

better understanding of organizational phenomena by facilitating the grouping of organizations into distinct, internally consistent schemas rather than trying to understand such phenomena across all types of organizations (Ketchen, Thomas and Snow, 1993; Meyer et al., 1993).

To paraphrase Pries (2005: 186), societal configurations - regarded as a dense and durable configuration of social practices, systems of symbols and artifacts - are necessary when studying social phenomena. The challenge is to identify the appropriate configurations for the phenomenon at hand. He puts forward two conditions for the identification of societal configurations: (1) the cohesion of features considered as important *within* the societal configuration should be significantly greater than that of features *shared* by it and other societal entities; and (2) the differences among aspects and variables considered as important *within* the societal configuration should be significantly less than those *between* it and other societal entities.

We propose that such societal configurations can be identified and affect the use of NSWAs in firms. We adopt Fey, Morgulis-Yakushev, Park, and Bjorkman's (2009) argument that both the institutional and cultural approaches are helpful in understanding societal differences and similarities in human resource management practices. Thus configurations at the societal level may involve common patterns from both relevant institutional environments (Kostova and Roth, 2002; Whitley, 1999) and cultural values (House, et al., 2002).

Institutional Environments

According to the institutional approach (DiMaggio and Powell, 1983), organizations operating in various countries are pressured to conform to dissimilarities idiosyncratic to national institutional regimes surrounding them in order to gain and maintain legitimacy

in relation to their environment (Fey et al., 2009; Gooderham, Nordhaug and Ringdal, 1999). Employers will look for best fit, but will tend to adopt local understandings of best practice in order to conform to the formal rules and unwritten norms of specific institutional contexts (Kostova and Roth, 2002).

A large part of the institutional approach involves national laws and regulations. In this respect, Legal Theory assumes that countries with different legal traditions use different institutional tools for exerting control on businesses, thus forming societal systems or configurations within which the patterns of regulation are correlated (Botero, et al., 2004). This theory emphasizes the emergence of a number of distinct legal traditions or systems in Western Europe and their subsequent dispersion throughout the world. These systems are configured into those of: common law, civil law, the German code, socialist law and the Nordic legal system.

Kelly and Kalev (2006) note that different laws at a national level can encourage or discourage the diffusion of NSWAs at the organizational level. In a similar fashion, Kalleberg (2001) emphasizes the importance of considering the role of relevant laws and regulations covering employment when looking at flexibility across institutional contexts. Regulatory measures relevant to NSWAs are employment protection laws (Kassinis and Stavrou, 2013). Employment protection laws include provisions related to the flexibility of working conditions, alternatives to the standard employment contract, and the termination of employment (Botero et al., 2004). Such laws define the status of full-time employees, the extent and type of fixed-term contracts, the protection of employees from having to work unsocial hours, and the conditions under which employees may be laid off, including the existence of collective agreements.

Cultural Values

Kildal and Kuhnle (2005) claim that institutional perspectives, such as laws discussed above for example, are embedded into the values, norms and assumptions of societal culture. Culture-led explanations of firm behavior are based on the notion that national values are deeply embedded in society and shape managerial perceptions of how the firm should be organized and managed (Aycan, 2005). As in the case of national laws, a number of scholars have endorsed the use of clusters (or configurations) rather than individual countries in comparisons of societal culture (Gupta et al. 2002; Hofstede 2001; Ronen and Shenkar, 1985). Although the clusters and specific countries within them vary in extant research, studies do demonstrate that HRM practices considered appropriate in one cultural context may be less appropriate in another (Ferris, Hochwater, Buckley, Harrell-Cook and Frink, 1999). Using Gupta et al.'s (2002) configurations from the GLOBE research program, one of the latest studies on culture providing a more inclusive and recent list of variables to classify countries into clusters (House et al., 2002); we argue that societal clusters (or configurations) serve as direct determinants of NSWA use.

In this respect, Lyness and Judiesch (2008) report on research in fourteen countries based on the GLOBE project which shows that firms and employees in certain cultures value flexibility in work hours more than those in others. Similarly, Mutari and Figart (2001) form work time regimes according to the degree of flexibility in work hours and gender equity in work schedules and economic roles. Further, Peters et al.'s (2009) research shows that different cultural values, in subsidiaries of an ICT-multinational in France and the Netherlands, were related to differences in telework adoption among line managers. Finally, Rao (2009) explains that flexible work options are more prevalent in MNCs whose origin is from certain cultures than others.

From the nine GLOBE dimensions we focus on Institutional Collectivism due to its connection to NSWAs in extant research. According to House et al. (2002: 30), Institutional Collectivism is “the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.” Key characteristics of societies that have high institutional collectivism, such as the Nordics, include group loyalty, high interdependence within organizations, a societal system that attempts to serve collective rather than individual interests, rewards driven by seniority needs and within group equity, and group decision making. Specifically in relation to working time flexibility, Hytter (2007) notes that cultures high in institutional collectivism pay attention to the welfare of employees and are expected to show more pro-social, organizational citizenship behavior, offering harmony between work and life balance. Differently, among societies low in institutional collectivism, such as the Anglo cluster in GLOBE, the focus is on the individual who is considered independent from the organization, rewards are driven by success, and decisions are based on individual or firm interests (Gupta et al., 2002).

Combining Institutional and Cultural Perspectives

Combining the institutional and cultural perspectives just discussed, we focus on two societal configurations with distinct legal systems on employment (Botero et al., 2004) and assumptions on institutional collectivism driving practice (Gupta et al., 2002): those of common law which emerged in the United Kingdom (UK) and subsequently diffused among the Anglo world (i.e. UK, Ireland, the United States, Canada, Australia, and New Zealand); and those of the Nordic system which is indigenous to Sweden, Norway, Denmark, and Finland.¹ In this case, institutional and cultural categorizations coincide.

¹ The Anglo and Nordic as societal systems have many commonalities. They belong to Western Europe, are both considered low in power distance and in-group collectivism and score high on performance orientation (House et al., 2002). Further, their gender egalitarianism scores are only moderately different. However, they differ substantially in institutional collectivism and employment protection.

While we cannot ignore country level differences and idiosyncrasies, generally firms in countries using common law tend to rely less on regulation and more on markets and contracts; they are rated low on institutional collectivism so the driving cultural forces are the mimetic pressures of employer choice and the overarching need to compete for a more individualist distribution of resources (Botero et al., 2004; House et al., 2002). Firms in the Nordic system rely heavily on legislative protection, collective bargaining and normative pressures for the common good (Eiken, 2008).

Employees in Nordic systems, knowing that their job is protected by legislation and collective agreements, are in a better position to negotiate more favorable working terms with their employers (Castles, 2003; Schott, 2012). Furthermore, in countries with relatively strict employment protection, firms tend to rely more on internal flexibility (i.e. via working hours) rather than on layoffs (Eichhorst, Escudero, Marx, & Tobin, 2010). Differently, in most Anglo countries, where work-related regulations are fewer and union power is weaker, firms have much discretion in promoting the use of working time arrangements that fit firm needs without necessarily taking into account employee preferences. The US is among the Anglo countries with the least regulated labour market in relation to employment protection (Kahn, 2010).

Thus, we propose that in organizations operating in the Nordic world employees would be more likely to use both telework and flexitime. The institutionally collective norms and market regulations in Nordic countries in relation to flexibility take into account firm flexibility, employee wellbeing and job security (Eiken, 2008; Klammer, Muffels and Wilthagen, 2008). According to Brewster, Mayrhofer and Morley, (2004) flexibility in the Nordics is emphasized in all work-related aspects, to accommodate for the non-work ones (Eiken, 2008). Differently, in organisations of the Anglo cluster, where the emphasis may be on firm needs, employees will be more likely to use overtime

and fixed term contracts to meet fluctuations in the business cycle. In such systems, legislative restrictions on flexibility are generally few, thus flexibility tends to be firm-centered (Kalleberg, 2001) and weak in protecting the core workforce (Budd and Mumford, 2006). In turn, we propose:

Hypothesis 2. Telework and flexitime will be used more in countries of the Nordic societal system with stricter Employment Laws and higher Institutional Collectivism; overtime and fixed term contracts will be used more in countries of the Anglo societal system with less strict Employment Laws and lower Institutional Collectivism.

Societal Systems as Antecedents to Firm System

According to Gooderham et al. (1999) and House et al. (2002) societies affect organizational practices: why then should societal system not affect firm system? In fact, given the aforementioned discussions, we see a resemblance between the internal firm system and the Nordic societal system as well as between the market firm system and the Anglo societal system. More explicitly, as in internal firm systems, organizations in the Nordics are distinguished by decentralised decision-making and extensive communication practices, high unionization levels and job security (Brewster et al., 2004; Hofstede, 2001). Their high institutional collectivism and strong employment protection system predisposes organizations in the Nordics to foster the development of their internal workforce (Brewster et al., 2004).

Differently, like in market firm systems, firms in the Anglo configuration are more likely to adopt a merit-based approach to people management (Ashkanasy, Trevor-Roberts and Earnshaw, 2002). They aim to maximise short-term profits for investors rather than looking for a broader accord of welfare (Fenton-O'Creevy, Gooderham and Nordhaug, 2008). Abrams, Ando and Hinkle (1998) characterised these societies as

contractual, where job security is not guaranteed and personal trust is not developed through long-term relations. Their markets are quite deregulated and employment relations are weak (Budd and Mumford, 2006; Kalleberg, 2001). In turn, we propose that:

Hypothesis 3. Market firm systems are more likely in Anglo configurations and internal firm systems are more likely in the Nordic configurations.

Methods

Sample

We used primary data from the 2009-10 Cranet comparative survey of HRM policies and practices (for full details see Brewster et al., 2004; Parry, Stavrou and Morley, 2011). The survey is conducted by an international network of researchers, usually from a single academic institution representing each country included in the survey. Since a comprehensive international database with all organizations was not available, each participating institution was responsible for developing a mailing list of organizational contacts in their country. While in the majority of countries commercial or governmental databases were used, in some countries databases from professional associations were used. The survey was sent to all of the organizations on the developed list.

The unit of analysis was the organization and the respondent was the highest-ranking corporate officer in charge of HRM, as a key informant (Arthur and Boyles, 2007). The questions asked were deliberately designed to rely on factual information about HRM within the organization. Furthermore, to discourage “guessing,” respondents were advised to leave blank any questions for which they did not know the answer. As per Podsakoff, MacKenzie, Lee and Podsakoff (2003), in order to avoid common method variance, respondents were guaranteed anonymity and criterion measures were placed in

different sections of the questionnaire and in different formats from predictor and demographic variables.

The questionnaire was developed using an iterative process based on past literature on HRM policies and practices and discussions of the Cranet research team. It was first developed in English and then translated into the language of each country by a local HRM expert. The questionnaire was then translated back into English by a different HRM expert in each country to ensure that the meaning of each question remained the same. Any differences found after the back translation were changed after discussion between the research team and the partner in each country, in order to ensure that the questions in the survey retained their intended meaning (Cascio, 2012). The questionnaire was first pilot tested locally in each country (Cushner and Brislin, 1996) and shared with local HRM executives to ensure that the meaning was accurate.

Potential respondents were contacted by letter or email and subsequently sent a copy of the questionnaire. To encourage response, non-respondents were later sent a reminder. We compared answers from the first 10% of respondents to return the questionnaire to those of the last 10% of respondents (who are assumed to be most like non-respondents) to the questions used in this study and found no evidence of systematic response bias (Cascio, 2012). The response rate for the individual countries in our study varied between 16 and 22 percent. Our final sample was 753 businesses.

Measures

Legal Framework: We use Botero et al.'s (2004) *Employment Laws Index*, the values of which are normalized and range from 0 to 1, with higher values representing more extensive legal protection of employees. The index is calculated as the average of alternative employment contracts, cost of increasing hours worked, cost of firing employees and extent of dismissal procedures. Alternative employment contracts involve

the existence and cost of alternatives to the standard employment contract. The cost of increasing hours worked is a measure of how strictly employment laws protect employees from being obliged to work more. The cost of increasing hours worked (including maximum allowed overtime) is the ratio of the final to the initial wage bill. The cost of dismissing employees involves the notice period, severance pay, and any mandatory penalties established by law or mandatory collective agreements given the employees' tenure with the firm. Finally, dismissal procedures involve employee protection established by law or mandatory collective agreements.

Culture: We used GLOBE's measure of Institutional Collectivism. GLOBE used primary data from 951 organizations and 17300 middle managers to measure national culture across nine dimensions (scale from one to seven) and develop nine cultural clusters (Gupta et al., 2002). The higher the value the higher the institutional collectivism is in a country.

Societal System: We created clusters of Anglo and Nordic systems from both Legal Theory and GLOBE. To create the clusters, we conducted a two-step cluster analysis of each the aforementioned national level variables (Employment Law Index and Institutional Collectivism) to group countries in our study into their respective societal system. Two categories were confirmed: the Anglo (n=301) societal system included the UK (n=87), Australia (n=61) and the USA (n=153); and the Nordic societal system (n=452) included Finland (n=44), Sweden (n=158), and Denmark. (n=250). This confirmed that using a configurational (cluster) approach was appropriate for this study. The resulting clusters for GLOBE and Legal Theory were identical so will be tested together in this study.

NSWAs: From the Cranet dataset we extracted four variables: overtime, fixed-term contracts, flexitime and telework. All NSWAs were measured on a scale from 0 = not

used, 1 = $\leq 5\%$ of the workforce, 2 = 6-10% of the workforce, 3 = 11-20% of the workforce, 4 = 21-50% of the workforce to 5 = $> 50\%$ of the workforce.

Firm System: We constructed an index of firm system, based on the definitions of Delery and Doty's (1996) seven sets of HRM practices. Organizations were given a score on this continuous variable representing whether their HRM practices were more internal or market oriented. The categories and specific variables addressed are discussed next: (a) internal career opportunities - positions are filled primarily internally for each of four staff categories of employees (managerial, professional/technical, clerical and manual); (b) training and development - different methods for career development are used (i.e. cross organizational, formal career paths, development centers development schemes, secondments, etc); (c) job descriptions/definitions are tight or broad; (d) appraisals - performance appraisals are used primarily for pay determination or for analyzing training/development needs; (e) incentives - profit sharing, share schemes, stock options or performance related pay offered to employees; (f) participation - employees communicate their views directly to senior managers or through immediate supervisor, trade unions, works councils, regular workforce meetings, team briefings, suggestion schemes and/or electronic communication; (g) employment security - mandatory layoffs and/or termination of contracts are used versus recruitment freeze as a downsizing strategy.

Originally, we extracted 49 variables from the Cranet survey. Each of these measures received a value of zero (0) when relevant to internal systems, and a value of one (1) when relevant to market systems. First, given that each category should not necessarily have a higher weight than the other, we created an index of variables for each of the seven categories above: to do so, where applicable, we conducted PCA and Cronbach's alpha for the variables of each category to ensure parsimony in the variables chosen; we

used the average of those that measured the same construct and added them with the rest. Then, we added each category to come up with the Firm System Index – the higher the index the more market-driven the firm system (range 1 to 28.25). For uniformity with the other variables in the model, this index was standardized to have a mean of zero and a standard deviation of 1.

To establish the validity of these variables (given that the content validity of these items had been already established by Cranet through the design and testing of the instrument as described above), we tested for criterion related validity by conducting a regression between our index and the annual rate of turnover in these businesses. We tested and confirmed the assumption that market firm systems would experience higher turnover. Furthermore, as per criterion validity, unionization levels were negatively related to market firm system at both the binary and multivariate levels: the assumption was that market firm systems had lower employee unionization levels. Finally, we re-ran the analysis separately with each of the seven HRM categories and NSWAs: the results were consistent.

Controls: We used a number of contextual variables as controls in order to reduce the possibility of spurious results. We chose those controls most frequently cited in the relevant literature (see for example, Huselid, Jackson and Schuler, 1997; Wiggins and Ruefli, 2002; Kassinis and Stavrou, 2013). Organization size was measured as the log number of employees and subsequently standardized; main market was used to explain whether the market for the organization was local/national (1) or cross-national (0); and industry sector clarified whether the organization was services or manufacturing.

Results

First we report the descriptive statistics and bivariate correlations between our variables in order to provide an overview of variable and sample characteristics (see Table 1). Two

of the four NSWAs, flexitime and telework, were significantly and negatively related to firm system. Also, three NSWAs, namely overtime, flexitime and fixed term contracts, were significantly and positively related to the employment law index and institutional collectivism. Furthermore, all NSWAs were significantly and negatively related to the Anglo societal system. Finally, firm system was significantly related to both the employment law index and institutional collectivism in a negative manner and to Anglo societal system in a positive manner.

As revealed in Table 1, institutional collectivism and employment law were highly correlated. After conducting principle components analysis between them resulting in one principle component, we realised that they represented one concept (society) and were thus interchangeable. In turn, they could not be in the same multilevel analysis. We therefore tested for them both separately and as a single variable representing Nordic vs. Anglo societies.

‘Table 1 near here’

Given the nature of the dependent variables, we conducted ordinal regressions to empirically test hypotheses H1 and H2. We tested for relationships between NSWAs and firm system, NSWAs and employment law or institutional collectivism separately as well as NSWAs and societal system (Anglo vs. Nordic). Each time the appropriate link function was used depending on the distribution of the corresponding dependent variable. An alpha of .05, two-tailed, was used for all analyses. The results are summarised in Table 2. Specifically, flexitime and telework were more likely in internal firm systems, while – with small variations - NSWAs tended to be more likely in Nordic societal systems of stricter employment laws and higher institutional collectivism.

‘Table 2 near here’

Subsequently, to explore differences between each NSW and each country within societal system, we ran ordinal regressions for each NSW and each country-level dummy variable separately (see Table 3). With some exceptions, the general pattern is the same as in the previous table. Because the results were too many to include in this paper, we summarise them in the table below.

‘Table 3 near here’

We complement these results with a set of three dimensional graphs (see Table 3a). From the charts, we see general patterns in combinations more clearly. Specifically, overtime were more likely in either system of firms in Denmark and Sweden as well as in internal systems of firms in the UK and Australia. Flexitime was more likely in either system of firms in Finland and Sweden. Telework was more likely in either system of firms in Denmark and internal systems of firms in the USA. And, fixed term contracts were more likely in internal systems of firms in Finland and Australia and market firm systems in Sweden.

‘Table 3a near here’

Finally, we found that (see Table 4) market firm system was positively related with the Anglo societal system, and negatively related with institutional collectivism and the employment law index (H3).

‘Table 4 near here’

Discussion

Our study demonstrates that both firm system (H1) and societal (H2) configurations are important antecedents to the use of NSWAs. At the same time, societal system is a significant determinant of firm system (H3), exemplifying the importance of aligning societal systems and organizational employment systems. The contribution of this study lies in the specific interrelationships found among the sets of NSWAs, firm system and

societal system. Overall, the analyses showed that NSWAs are more likely in Nordic than in Anglo societies while only flexitime and telework were significantly related to firm system, specifically internal firm system. Furthermore, from Table 3a we see that use of NSWAs varies by firm system in Nordic societies that provide employee security and care, but this security and care transfers to higher use of NSWAs in internal firm systems in the case of Anglo societies.

Taking a closer look at the results in relation to the hypotheses of this study, flexitime and telework were consistently related to internal firm system (H1) at the organizational level of analysis: since such systems emphasize labour markets internal to the business, providing extensive training and socialization to employees and adopting employment security and participative decision making (Delery and Doty, 1996), their use of NSWAs would reflect such values as well. Exploring societal effects, these arrangements were also significantly more common in societies with stronger employment laws and higher institutional collectivism (H2).

These findings demonstrating that national context matters are consistent with extant research (den Dulk, et al, 2013; Lewis and den Dulk, 2008; Kassinis and Stavrou, 2013; Ollier-Malaterre et al., 2013). Specifically, Nordic countries exhibit higher levels of work flexibility that meet employee needs than the rest of Europe (Eiken, 2008; Klammer et al., 2008): possibly because legislation and collective agreements are central to the use of flexibility in organizations. They also reinforce Brewster et al.'s (2004) claim that such flexibility in the Nordics is a collective norm in all work-related aspects. According to Legal Theory (Holger, 1996), the employment relationship in Nordic systems is itself a valued asset, thus it is nurtured through relevant employment practices, processes and laws. In support of this notion, countries high on institutional collectivism place value on

strong interdependencies within organizations and the collective interests of their members (House et al., 2002).

Interestingly, and contrary to H2, overtime and fixed term contracts were not related to firm system but were also more likely in countries where employment law was stronger and institutional collectivism higher (see Table 2). Looking at individual societies in Table 3, the picture for overtime is relatively clear: this NSW is less likely in Anglo societies and more likely in one of the Nordic cultures, Denmark. But also in Table 3a, the strongest relationships are first among Nordic countries and only in internal systems among firms in Australia and the UK second. In the case of fixed term contracts, variation within societal system is greater in Table 3: this NSW is more likely in Australia, Sweden and Finland and less likely in the USA and Denmark. Looking at Table 3a, the picture is more similar to that of overtime.

In this respect, our results show that arrangements such as overtime and fixed term contracts may have high demand in national systems where employee protection and institutional collectivism are promoted, regardless of firm system, thus reinforcing the general conclusions of Tregaskis and Brewster (2006) and reflecting the overlap of both employee and employer driven approaches (Beauregard and Henry 2009). In turn, it is not firm level but a safer societal level work environment that is important in order for employees to use these NSWs more. In such an environment these arrangements may be used to expand work time and increase operational efficiency (thus meeting employer needs) while at the same time legally protecting employees and nurturing their needs (employee driven) such as earning extra income (Albion, 2004).

Finally, organizations in Anglo countries seem more likely to be driven by the external labour market (H3): in these cultural and institutional contexts low institutional collectivist values prevail and legislative restrictions are few, weakening both employee

voice and job security while promoting hiring outside the organization (Abrams et al., 1998; Botero et al., 2004, House et al., 2002). Differently, in Nordic countries (H3) with high institutional collectivism and a legal employment system that supports employee rights, organizations seem more likely to emphasize the internal labour market (Kilponen, Mayes and Vilmunen, 2000). These results are reinforced by what Christiansen, Petersen, Edling and Haave, (2005) described as the non-market focus of the Nordics, where welfare legislation promotes equality, wellbeing and social rights for all citizens.

Conclusions and Implications

In this study, we proposed and empirically confirmed that the use of NSWAs varies according to firm system and societal cluster. Utilizing the configurational, institutional and cultural perspectives, we have applied a standardized questionnaire exploring four NSWAs across firms in six countries, expanding the scope of variables examined in relation to NSWAs and capturing context as a way of broadening the theory base on the subject, as Ashford et al. (2007) proposed. In our view, this paper moves discussions on comparative HRM further by outlining the importance of three specific types of context in relation to NSWAs use: (a) organizational employment culture through firm system; (b) national culture such as institutional collectivism; and (c) institutional national regulatory employment system.

The evidence presented in this study reveals a tendency towards greater use of NSWAs among internal firm systems that promote a long term relationship between firm and employee, and national contexts that promote employment protection and institutional collectivism. Nevertheless, country level variations do exist, and when the combination of country and firm system are examined, further variations are revealed. In this respect, researchers and management need to consider context at both the organizational and societal levels when exploring NSWAs (de Dulk et al, 2012),

supporting the need for caution in assuming that certain NSWA practices, if standardized across firm systems or geographic territories, would be equally common (as per Ryan and Kossek, 2008). At the same time, this study provides some guidance as to which NSWAs may be more common in which setting, promoting a better understanding of organizational and societal values in relation to NSWAs.

The results may be particularly important for multinational firms as they evaluate their decision to adjust to local practice or to use more “universal” approaches to NSWAs (Ryan and Kossek, 2008). According to Schuler and Rogovsky (1998), multinationals behave as if employees should forget about their local context and adjust to the culture of the parent company. Given our study’s results, multinationals may need to make different kinds of adjustments in relation to the use of NSWAs and/or firm system when entering the Nordic versus the Anglo institutional and cultural contexts. Potential incompatibilities can cause problems related to the integration of the multinational to the local context. For example, multinationals may have a harder time applying overtime or fixed term contracts in Anglo societies. Differently, multinationals operating in Nordic societal contexts may not need to worry much about choosing among NSWAs.

Notwithstanding its usefulness, this research has a number of limitations. To begin with, given the small variance accounted for by the independent variables, the use of NSWAs cannot be explained only by these. Further, given the novelty of this analysis, a more in-depth investigation of the reasons behind the use of NSWAs and the contexts of their application may provide more insight into this area of study. For instance, focus groups, interviews or panel studies with multiple respondents from each organization may be useful: employee groups and employers may provide their reasons for the use of different NSWAs. While these methods are very difficult in multi-country, large scale studies, they are not impossible. These methods may also help to address the second

limitation of our study: the fact that we are unable to distinguish between employer and employee driven NSWAs. It was not possible for us to make this distinction accurately as we did not ask respondents about the motivation behind their organisation's NSWAs use. In fact our results suggest an overlap or blurring between employer and employee driven NSWAs. Future research could include collecting matched data from employees and employers in order to establish, before setting hypotheses and exploring antecedents, which NSWAs are employer and which employee driven.

Further to the above, other types of NSWAs or national level measures may be added to enrich our understanding of working patterns. In particular, this study has not examined only legislation that is specific to the use of NSWAs but has focused instead on the broader institutional (legislative) context relevant to NSWAs. Laws specific to NSWAs vary across countries and would be difficult to compare consistently; however it would be useful if future research focused on the impact of such particular legislation. In addition, more societal clusters could be used: we only looked at two western clusters, thus our results may not be generalizable beyond these; other clusters from Europe, Asia and the Middle East can shed light on possible differences and similarities among very different contexts.

It is also possible that the relationship between NSWAs and firm system may be explained better through different controls and moderators or through a different measure of firm system that mitigates the assumption of a unitary approach towards all employees. In addition, organizations employing, for instance, a large proportion of women may have a higher use of certain NSWAs (see Osterman, 1995). Another explanation may be related to the level of skill that employees have. Finally, organizational or employee-level performance indicators may help explain further the link as well as the concept of equifinality between NSWAs, firm system and societal cluster.

In summary, establishing a direct association between NSWAs and firm system is complicated; societal context adds to this complexity. Despite its limitations, this study is one of the first to use a large sample to substantiate empirically a link between NSWAs, firm system and societal cluster, and has important implications for practice, particularly in MNCs. Its findings should encourage further investigation of the complex interplay among NSWAs, organizational and national context.

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Table 1. Descriptive statistics and bivariate correlations

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10
1. Overtime	2.88	1.64	1									
2. Flexitime	2.36	1.93	0.17***	1								
3. Telework	1.01	1.01	0.06	0.28***	1							
4. Fixed-Term Contracts	1.08	1.08	0.02	0.09*	0.02	1						
5. Firm System	16.75	4.73	0.01	-0.16***	-0.09*	-0.05	1					
6. Employment Laws	0.50	0.20	0.14***	0.40***	0.03	0.28***	-0.12***	1				
7. Institutional Collectivism	4.65	0.38	0.15***	0.39***	0.03	0.24***	-0.11**	0.94***	1			
8. Services Sector	0.50	0.50	-0.14***	-0.08*	0.07†	0.07	0.10**	-0.11**	-0.12**	1		
9. Main Markets (Int/l)	0.52	0.50	0.06	0.10**	0.05	-0.04	-0.03	0.04	0.03	-0.40***	1	
10. Firm Size (log)	2.72	0.59	0.19***	0.04	0.06	0.12**	-0.11**	0.02	0.03	0.07†	0.01	1
11. Anglo System	0.38	0.49	-0.20***	-0.42***	-0.16***	-0.18***	0.08*	-0.94***	-0.89***	0.09*	-0.07†	-0.04

Two-tailed † p < 0.10* p < .05, ** p < .01, *** p < .001

Table 2. Ordinal regression analyses among firm system, societal configuration and controls

Dependent Variables	Overtime (Sig. 0.00)		Flexitime (Sig. 0.00)		Telework (Sig. 0.00)		Fixed Term Contracts (Sig. 0.00)	
Independent and control variables	B	SE	B	SE	B	SE	B	SE
(Constant)	-2.41***	0.20	-1.32***	0.17	0.09	0.12	-0.29**	0.11
Firm System	0.14	0.09	-0.23**	0.08	-0.22**	0.07	-0.02	0.06
Employment Laws	0.19*	0.07	0.65***	0.08	0.01	0.06	0.44***	0.06
Service Sector	-0.52***	0.16	-0.07	0.14	0.36**	0.13	0.23*	0.11
Main Markets (International)	0.07	0.16	0.32*	0.14	0.23†	0.13	0.12	0.11
Size (log)	0.34***	0.08	0.17*	0.07	0.20***	0.06	0.15**	0.05
Cox & Snell	0.06		0.19		0.05		0.12	
(Constant)	-2.42***	0.20	-1.27***	0.16	0.06	0.12	-0.28**	0.11
Firm System	0.15†	0.09	-0.24**	0.08	-0.21**	0.07	-0.03	0.06
Institutional Collectivism	0.19**	0.08	0.59***	0.08	-0.00	0.06	0.42***	0.05
Service Sector	-0.48**	0.16	-0.03	0.14	0.39**	0.13	0.15	0.11
Main Markets (International)	0.09	0.16	0.30*	0.14	0.25†	0.13	0.07	0.11
Size (log)	0.35***	0.08	0.17*	0.07	0.18**	0.06	0.13*	0.05
Cox & Snell	0.06		0.18		0.05		0.12	
(Constant)	-2.03***	0.22	-0.56***	0.16	0.33*	0.14	-0.01	0.13

Firm System	0.15 [†]	0.09	-0.25 ^{**}	0.08	-0.20 ^{**}	0.07	-0.06	0.06
Anglo Societal System	-0.06 ^{***}	0.15	-1.51 ^{***}	0.18	-0.39 ^{**}	0.13	-0.41 ^{***}	0.11
Service Sector	-0.52 ^{***}	0.16	-0.09	0.14	0.39 ^{**}	0.13	0.19 [†]	0.11
Main Markets (International)	0.04	0.16	0.33 [*]	0.14	0.22 [†]	0.13	0.12	0.11
Size (log)	0.35 ^{***}	0.08	0.14 [*]	0.07	0.21 ^{***}	0.06	0.15 ^{**}	0.05
Cox & Snell	0.08		0.21		0.07		0.05	

[†] p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001

Table 3. Summary of Significant Relationships when controlling for Country

Dependent Variables	Overtime (Sig. 0.00)	Flexitime (Sig. 0.00)	Telework (Sig. 0.00)	Fixed Term Contracts (Sig. 0.00)
Independent and control variables	Significance	Significance	Significance	Significance
Firm System	No	Yes (-)***	Yes (-)***	No
Country-level Dummies (separate)				
USA	Yes (-)*	Yes (-)**	No	Yes (-)***
UK	No	Yes (-)**	Yes (-)***	No
Australia	Yes (-)*	Yes (-)***	Yes (-) [†]	Yes (+)***
Sweden	No	Yes (+)***	Yes (-)***	Yes (+)***
Denmark	Yes (+)***	Yes (+)**	Yes (+)***	Yes (-)***
Finland	No	Yes (+)*	No	Yes (+)***
Service Sector	Yes (-)***	No	Yes(+)*	No
Main Markets (International)	No	Yes (+) [†]	No	No
Size (log)	Yes (+)***	No	Yes (+)**	Yes (+)*

[†] p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001

Table 3a. Cross-tabulations between Dependent and Independent Variables

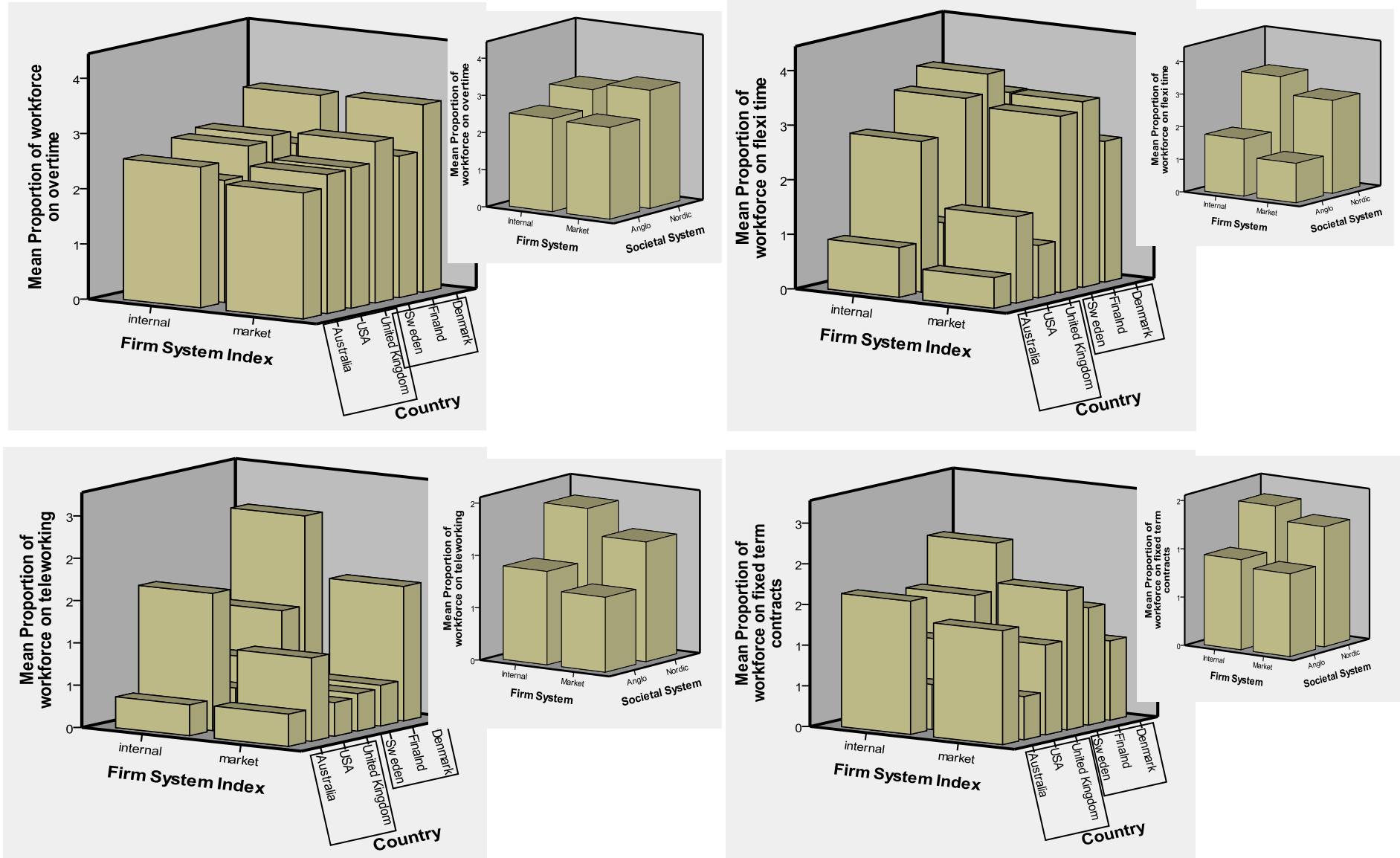


Table 4. Linear regression analyses between firm system and societal System

Dependent Variable (standardised)	Firm System (Sig. 0.000)	
Independent and control variables	Beta	SE
(Constant)	0.02	0.07
Employment Law Index	-0.11**	0.03
Services Sector	0.19**	0.07
Main Markets (International)	0.02	0.07
Firm Size (log)	-0.13***	0.03
Adjusted R ²	0.04	
(Constant)	0.05	0.07
Institutional Collectivism	-0.09**	0.03
Services Sector	0.18*	0.07
Main Markets (International)	0.01	0.07
Firm Size (log)	-0.13***	0.04
Adjusted R ²	0.04	
(Constant)	0.05	0.07
Anglo Societal System	0.16*	0.07
Services Sector	0.20**	0.07
Main Markets (International)	0.03	0.07
Firm Size (log)	-0.13***	0.03
Adjusted R ²	0.04	

Two tailed † $p < .10$, * $p < .05$, ** $p < .01$, *** $p < 0.001$